

ARI ZONA POWER AUTHORITY

The Arizona Power Authority, a body corporate and politic of Arizona, was formed as a result of federal legislation (Boulder Canyon Project Act of 1928) that allocated a portion of power produced from the Boulder Canyon Project (Hoover Dam and Power Plant), a renewable resource. The Arizona Power Authority was delegated the responsible entity for acquiring and marketing Arizona's share of Hoover power by the state of Arizona's Legislature in 1944.

In 1945, the Authority entered a federal contract with the Bureau of Reclamation (Reclamation) for Arizona's share of the Hoover resource and received its first delivery of power in 1951. In August of 1977, Western Area Power Administration (Western) became the federal agency responsible for the transmission of federal power and the administration of federal power contracts.

The Hoover Power Plant Act of 1984 (1) authorized the Hoover Upgrading Program, the development of visitor facilities, and fixed the amount of contributions to the Lower Colorado River Basin Development Fund for financial assistance of the Central Arizona Project (CAP) and other projects, (2) renewed the Authority's original Hoover allocation (Schedule A contingent capacity and associated firm energy), (3) allocated the long-term Hoover capacity and associated firm energy resulting from the Upgrading Program (Schedule B contingent capacity and associated firm energy), and (4) allocated excess energy (Schedule C energy).

The Authority presently has an Electric Service Contract dated June 1987 with Western to receive Arizona's allocation of Schedule A and B power and C energy from Hoover Dam. The Authority markets and schedules this entitlement to 39 power customers in the state of Arizona consisting of cities and towns, irrigation and electrical districts, and the Central Arizona Water Conservation District.

The Authority has worked effectively with both publicly-owned and privately-owned utilities in making renewable Hoover Power Plant hydropower available to all major load centers throughout Arizona at the lowest possible cost. It has also provided leadership in meeting the many challenges brought about by the constant changes in the electric utility industry.

One of these challenges has been the increased emphasis on new sources of renewable energy and how to provide transmission level service to bring these resources to the marketplace. The Authority actively participates in the Transmission Planning Study groups in Arizona such as SWAT, SATS, CATS, and CRT. We have also participated in wind studies and are presently funding a dynamic response study for Hoover Dam. The Authority is constantly looking for ways to facilitate or fund economically viable renewable projects or economically viable transmission projects that will further enhance the generation and transmission capabilities in Arizona.

The obstacles to these new resources have been threefold. First has been the cost to install these new resources that has exceeded traditional costs of power. Second has been access to the bulk transmission system due to the remote locations anticipated. Third is the negative impact to the reliability of the bulk transmission system caused by some of the new resources contemplated.

